

## Message Text

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ORIGIN NEA-03

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FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD

C O N F I D E N T I A L STATE 049669

FOLLOWING REPEAT TEHRAN 2059 SENT ACTIONSECSTATE INFO BRASILIA  
BUCHAREST DACCA JIDDA KUWAIT KATHMANDU LONDON NEW DELHI  
TEL AVIV TOKYO DTD 04 MAR 75  
QUOTE

C O N F I D E N T I A L TEHRAN 2059

E.O. 11652: GDS

TAGS: ENRG, IR

SUBJ: NIOC DIRECT CRUDE SALES

1. SUMMARY. NIOC CONTINUES ATTEMPTING TO SELL CRUDE AT PRICE FOUR CENTS ABOVE OPEC "MARKET PRICE" (DEFINED AS 93 PERCENT OF ABU DHABI FORMULA POSTING) AND ON USANCE TERMS OF 30-60 DAYS. NIOC FIRST QUARTER LIFTINGS OF CRUDE APPEAR TO BE RUNNING ABOUT 515,000 B/D VERSUS ESTIMATED AVAILABLES OF 726,000 B/D IN 1975 (FIRST QUARTER AVAILABLES WOULD BE SLIGHTLY OVER 700,000 B/D). WE HAVE REPORTS OF ACTUAL SALES TOTALLING ONLY SOME 153,200 B/D FOR THE FIRST QUARTER (TO ASHLAND AND AMOCO OF THE US, MARUZEN AND SUMITAMO OF JAPAN, MADRAS REFINERY IN INDIA, AND SOUTH AFRICA). IN ADDITION WE ASSUME NIOC CONTINUES SELLING 80 - 100,000 B/D TO ISRAEL (HOLD CLOSELY) AND AS MUCH AS 100,000 B/D TO HMG (UK) AND SMALL AMOUNTS TO PAKISTAN, BANGLADESH AND NEPAL. ACTION REQUESTED: ANY INFO ADDRESSEE POSTS MAY HAVE ON QUANTITIES OF CRUDE PURCHASED FROM IRAN, PRICES AND TERMS. END SUMMARY.

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2. WE HAVE BEEN TRYING TO ASSEMBLE PICTURE OF NIOC'S DIRECT

SALES, BUT HAVE FOUND IT TO BE A JIGSAW PUZZLE WITH MOST PIECES MISSING. NIOC CONTINUES TO TRY TO SELL CRUDE AT PRICE CONSISTENT WITH ITS POSITION ON PRICES TO CONSORTIUM MEMBERS; THAT IS, FOUR CENTS ABOVE THE 93 PERCENT OF ABU DHABI FORMUAL POSTINGS WHICH OPEC CITED AS THE MARKET PRICE (IN OTHER WORDS \$10.71 INSTEAD OF 10.67 PER BARREL FOR IRANIAN LIGHT, AND \$10.49 INSTEAD OF \$10.45 FOR HEAVY). NIOC IS CITING CREDIT (USANCE) TERMS OF 30-60 DAYS, THOUGH IT IS RUMORED THAT ONE GOVERNMENT OBTAINED 180 DAYS CREDIT. EACH 30 DAYS CREDIT AT PRESENT PRICES AND INTEREST RATES IS WORTH ABOUT 10 CENTS PER BARREL.

3. NIOC'S CRUDE AVAILABLES FOR 1975 LOOK TO BE APPROXIMATELY AS FOLLOWS:

IRANIAN LIGHT 225,000 B/D  
IRANIAN HEAVY 225,000  
SASSAN (LAPCO) 105,000  
DARIUS (IPAC) 47,000  
CYRUS (IPAC) 20,000  
FEREIDOUN (IPAC) 35,000  
ROSTAM (IMINOCO) 32,000  
8480 726,000

4. FOLLOWING IS INFORMATION AND RUMORS WE HAVE COLLECTED ON NIOC SALES: ASHLAND REPORTEDLY BOUGHT 35,000 B/D, TYPE UNKNOWN, WITH PRICE GIVEN AS "CONSORTIUM MEMBERS' PRICE PLUS 22 CENTS." SUMITOMO BOUGHT (IN DECEMBER) ONE CARGO OF 40,000 TONS AT 93 PERCENT OF ABU DHABI FORMULA POSTINGS (ON QUARTERLY BASIS THIS AMOUNTS TO APPROXIMATELY 3200 B/D). MARUZEN (JAPAN) CONTINUES BUYING AROUND 20,000 B/D OF ROSTAM CRUDE UNDER CONTRACT THAT IS NOW ALMOST TWO YEARS OLD. PRICE UNKNOWN, BUT REPORTEDLY AGREED ONLY FOR FIRST QUARTER OF 1975. MITSUBISHI HAS BEEN NEGOTIATING FOR 5,000 B/D OF IRANIAN LIGHT AND 5,000 B/D OF HEAVY, AND NISSHO-IWAI HAS BEEN NEGOTIATING (FOR ITSELF AND TWO OTHER JAPANESE FIRMS) FOR 15,000 B/D, MAINLY OF IRANIAN LIGHT. BOTH THESE COMPANIES HAVE REFUSED NIOC'S LATEST OFFER (93 PERCENT OF ABU DHABI FORMULA POSTINGS PLUS FOUR CENTS, 60 DAYS USANCE) AND NEGOTIATIONS ARE SUSPENDED. NIOC CONTINUES DELIVERING ABOUT 40,000 B/D OF SASSAN CRUDE TO ITS SOUTH AFRICAN JOINT VENTURE REFINERY AND AT LEAST 25,000 B/D OF DARIUS CRUDE TO MADRAS REFINERY IN INDIA. ROMANIA REPORTEDLY INTENDS TO BUY SOME 40,000 B/D, ALL OR MOSTLY IRANIAN LIGHT, BUT PRICE HAS NOT  
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YET BEEN AGREED. WE PRESUME, FINALLY THAT NIOC CONTINUES TO SELL 80-100,000 B/D (OR PERHAPS MORE) OF ITS OWN CRUDE TO ISRAEL AND THAT HMG CONTINUES TO LIFT SOME OF THE 5 MM TONS (100,000 B/D ON ANNUAL BASIS) PURCHASED IN THE "LOOSE BARTER" ARRANGEMENT BETWEEN IRAN AND THE UK CONCLUDED EARLY LAST YEAR. AMOCO (US) REPORTEDLY BOUGHT 30,000 B/D OF IRANIAN LIGHT AND HEAVY, FOR FIRST QUARTER ONLY, AT 93 PERCENT OF ABU DHABI FORMUAL POSTING WITH 45 DAYS USANCE. IT IS RUMORED THAT PETROBRAS AND CLARK OIL ARE ALSO

BUYING. FINALLY NIOC HAS SOLD SMALL QUANTITIES TO PAKISTAN,  
BANGLADESH AND NEPAL.

5. NIOC APPEARS TO HAVE LIFTED SOME 265,000 B/D FROM THE FORMER  
CONSORTIUM AREA AND 250,000 OF OFFSHORE OIL IN JANUARY 1975. THUS  
OUR FRAGMENTS OF INFORMATION DO NOT COME CLOSE TO ACCOUNTING FOR  
NIOC SALES. ACTION REQUESTED: WE WAOULD APPRECIATE ANY DATA  
ADDRESSEES MAY BE ABLE TO PROVIDE, IN PARTICULAR:  
FOR DEPARTMENT: FURTHER INFORMATION FROM ASHLAND, CLARK, AMOCO, AND  
FROM AMERICAN MAJORS, WHO MUST HAVE COMMERCIAL INTELLIGENCE ON  
NIOC SALES. FOR TEL AVIV; ISLAMABAD; DACCA; NEW DELHI; KATHMANDU;  
BRASILIA; BUCHAREST: ANY INFO OBTAINABLE ON PURCHASES FROM NIOC  
BY GOVERNMENTS OR GOVERNMENT COMPANIES. FOR LONDON: WOULD BP OR  
HMG SUPPLY YOU A SCHEDULE OF LIFTINGS, PAST AND FUTURE, OF CRUDE  
UNDER LAST YEAR'S "LOOSE BARTER" ARRANGEMENT?  
HELMS UNQUOTE  
INGERSOLL

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